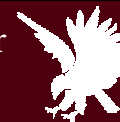


Medicare in Crisis

Thomas R. Saving

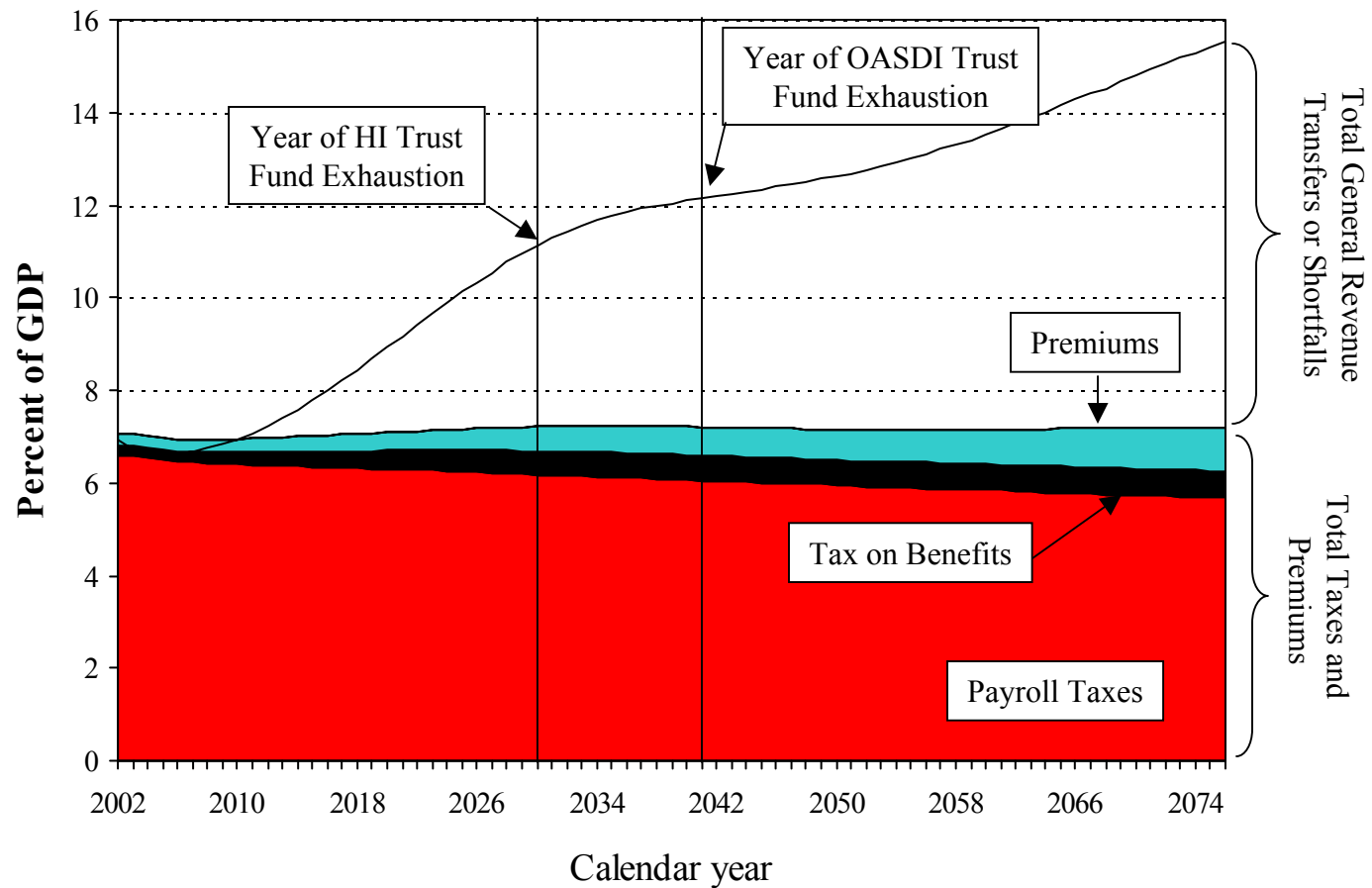
*Director, Private Enterprise Research Center, Texas A&M University,
Senior Fellow, National Center for Policy Analysis,
and Public Trustee of Social Security and Medicare Trust Funds*



The Funding Future of Elderly Entitlement Programs



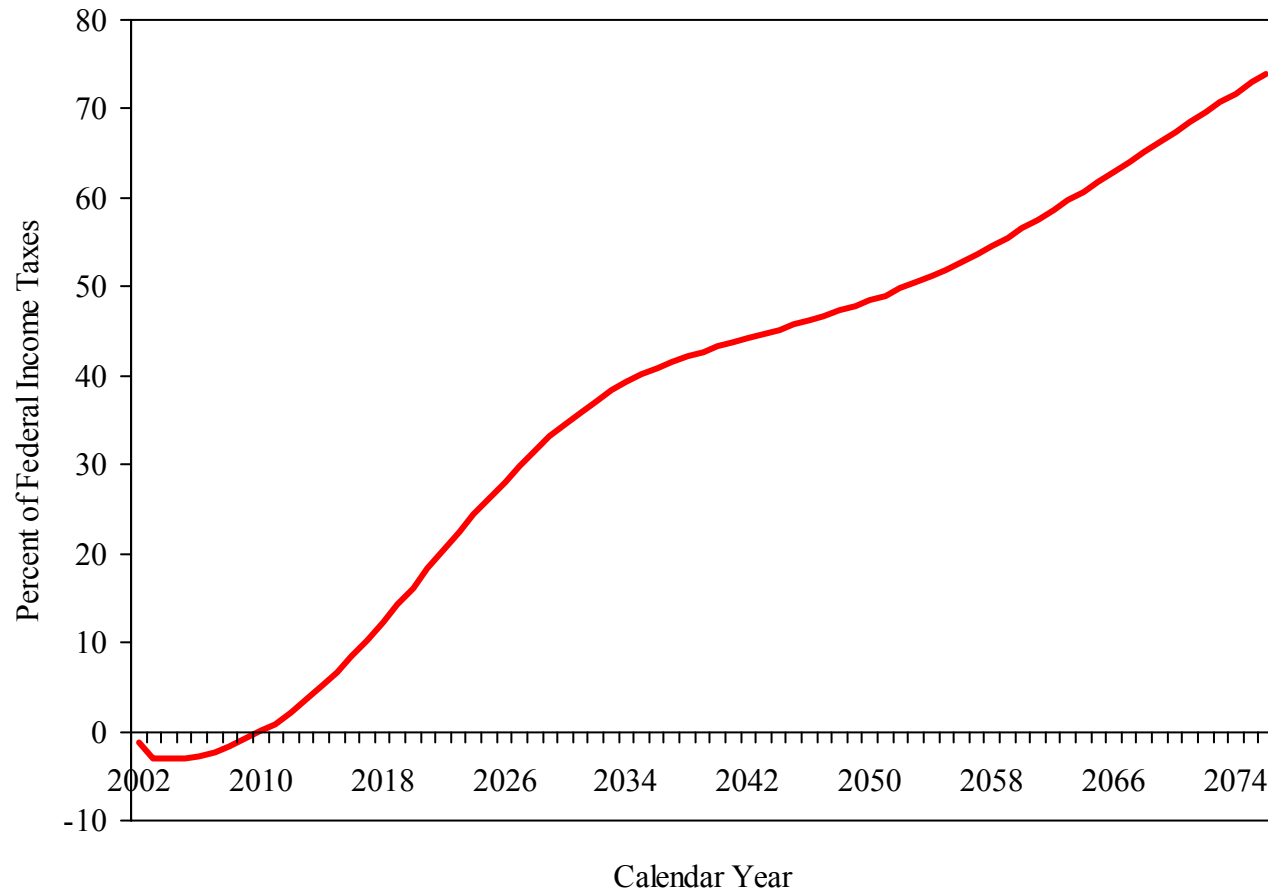
Combined Social Security and Medicare Expenditures and Income by Source as a Percent of GDP



Source: 2002 Social Security and Medicare Trustees Reports and author's estimates



Social Security and Medicare Funding Shortfalls as a Percent of Federal Income Taxes



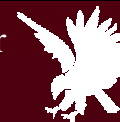
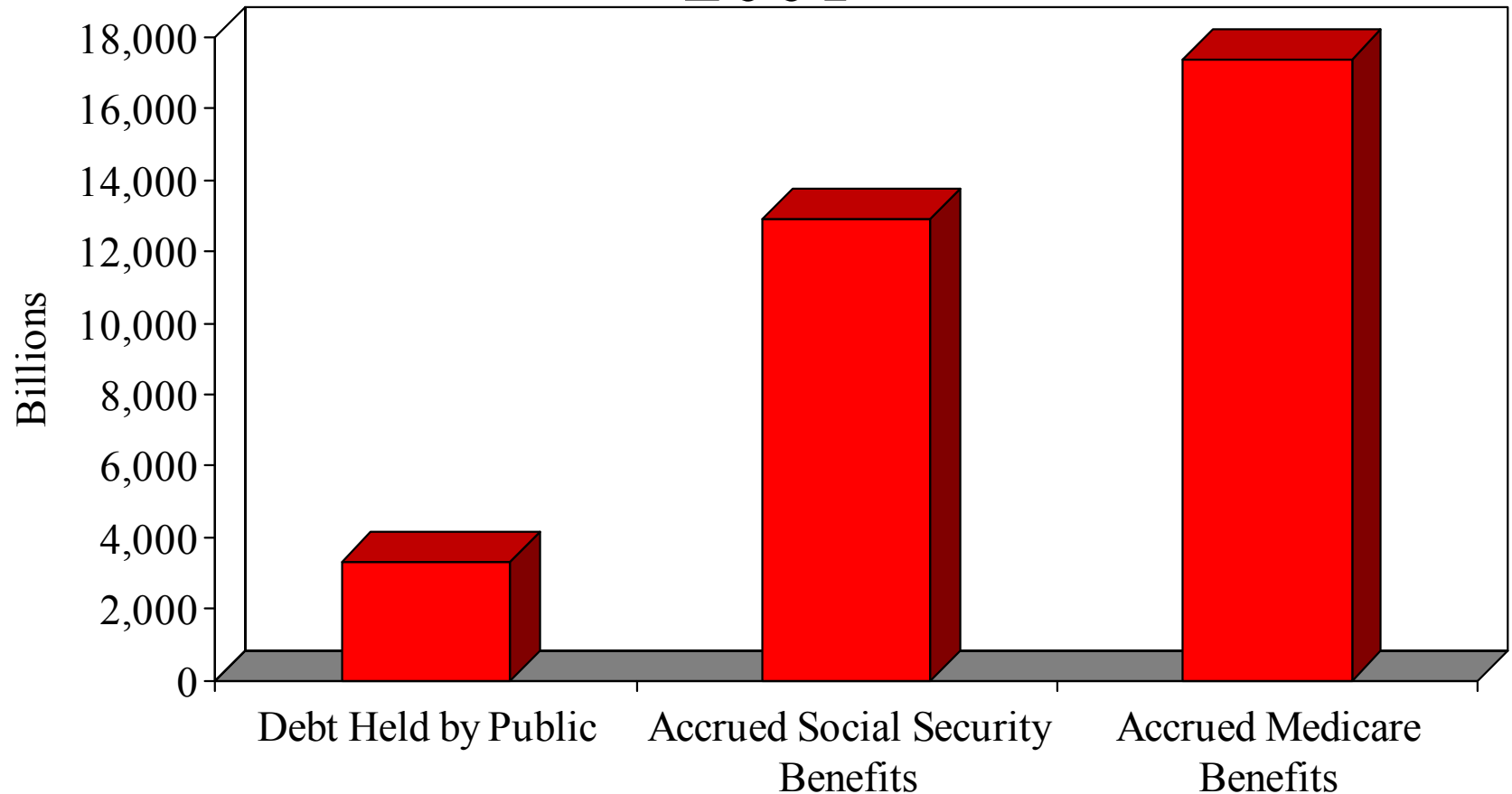
Source: 2002 Social Security and Medicare Trustees Reports and author's estimates



The Burden of Elderly Entitlement Debt



Debt Held by the Public and Accrued Social Security and Medicare Benefits in 2001



Composition of Total Debt in 2001

Category	Billions	% of GDP
Debt held by the public	3,320	32.70
Accrued Social Security Debt	12,919	127.24
Accrued Medicare Debt	17,404	171.42
Total	33,643	331.36

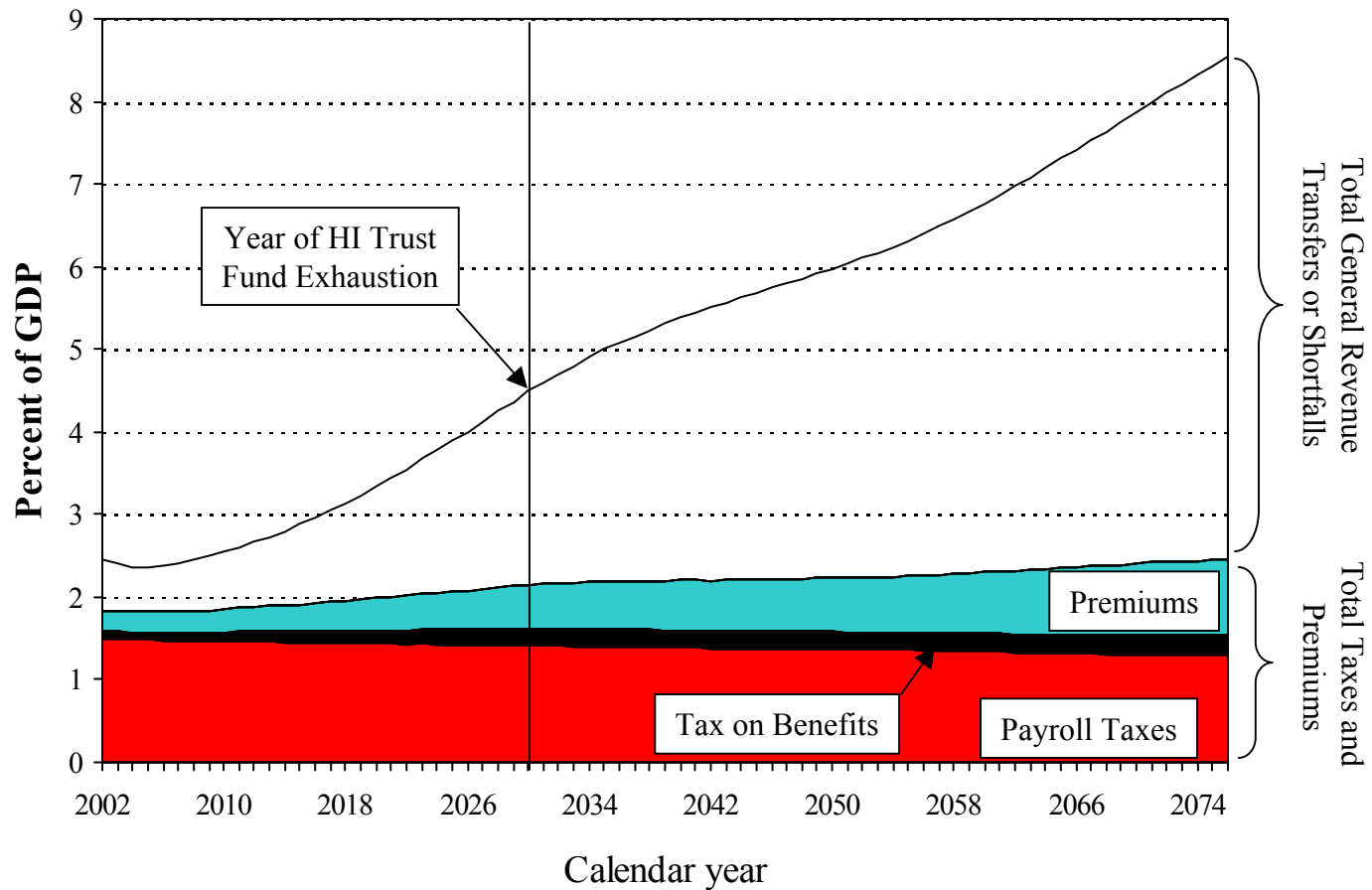
Sources: 2003 Federal Budget, Unpublished Social Security Administration estimates (2001), and authors' calculations.



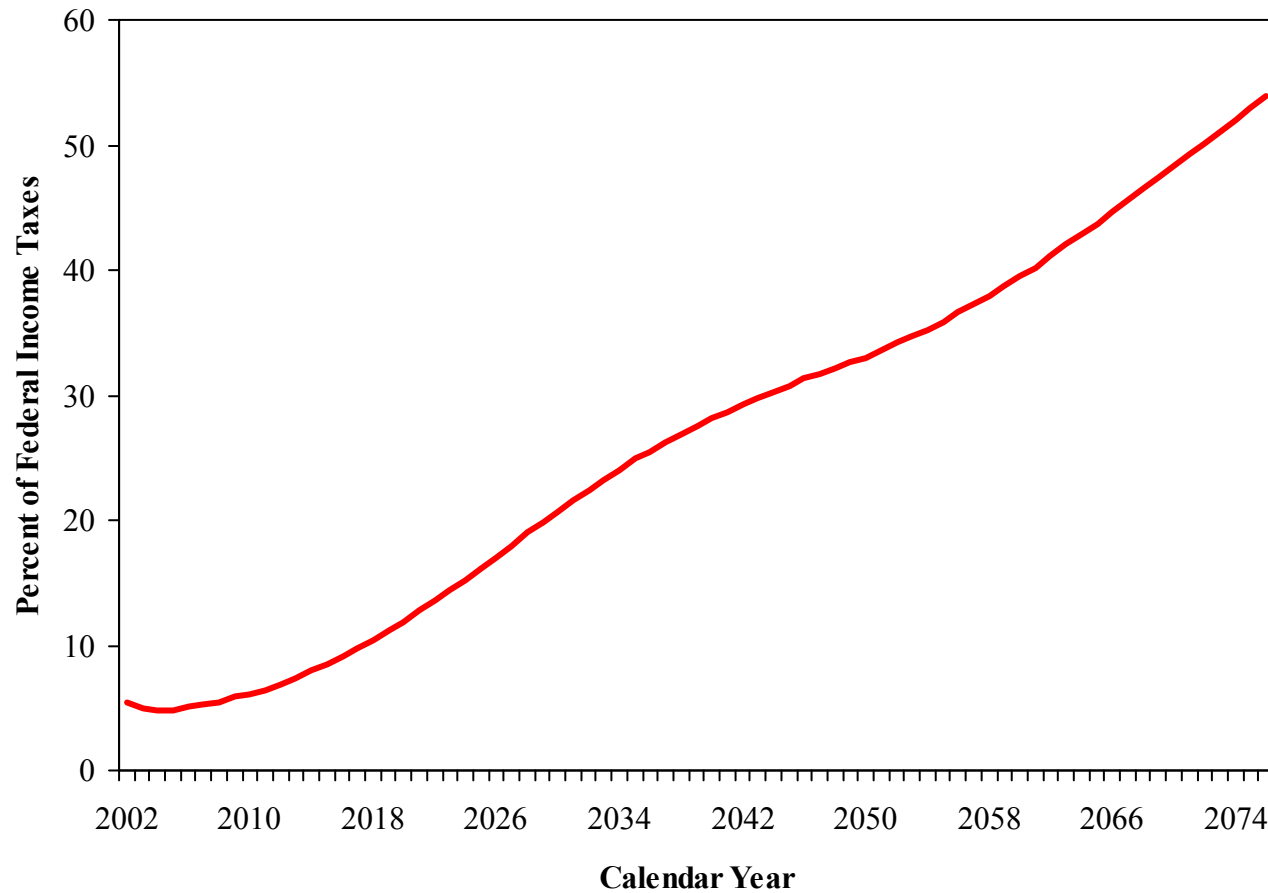
The Funding Future of Current Medicare



Medicare Expenditures and Income by Source as a Percent of Gross Domestic Product



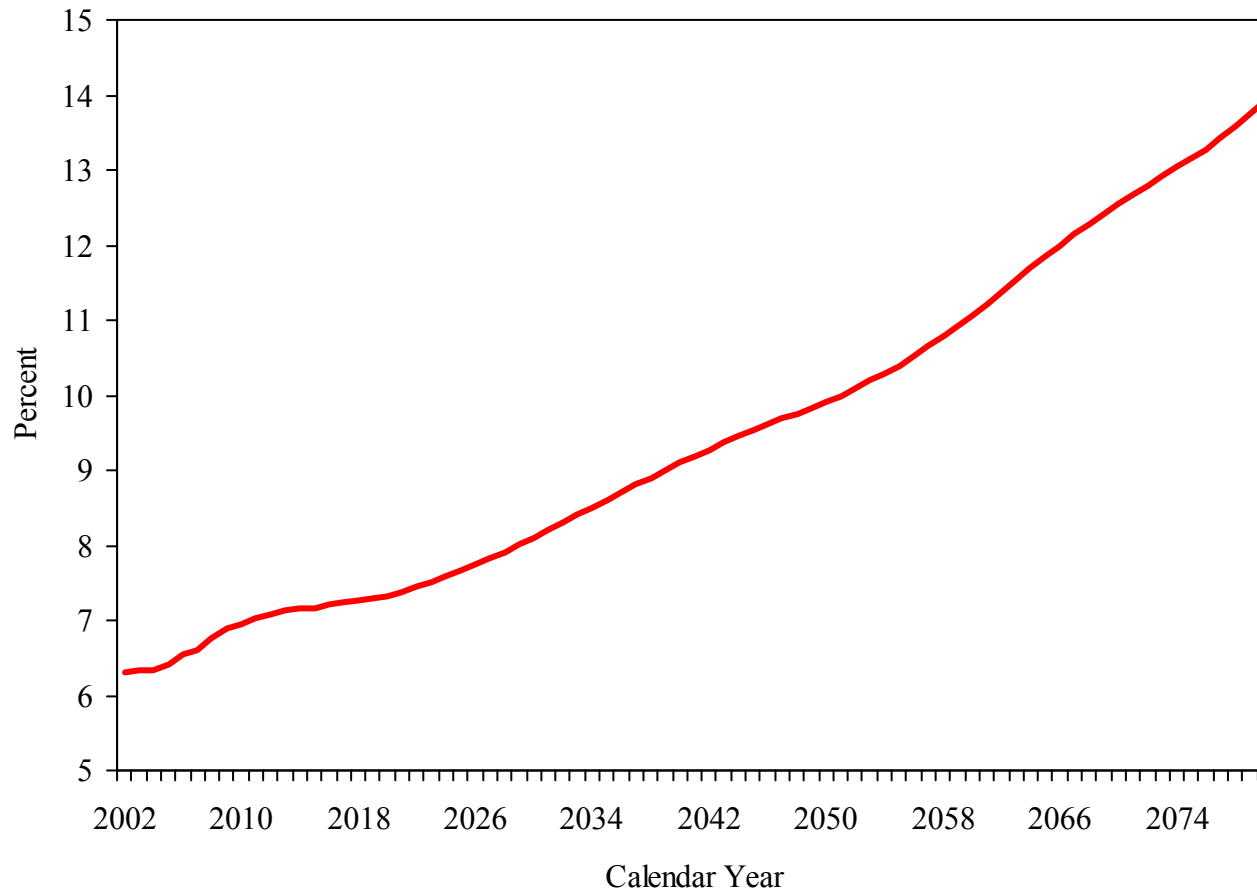
Medicare Funding Shortfalls as a Percent of Federal Income Taxes



Source: 2002 Medicare Trustees Report and author's estimates



Medicare Part B Premiums as a Percent of Average Retiree's Social Security Benefits



Source: Estimated from 2002 Social Security and Medicare Trustees Reports

